

## **News release**

### **For immediate release**

#### **Governor announces plan to help communities with foreclosure, abandoned home problems**

INDIANAPOLIS (October 27, 2008) -- Governor Mitch Daniels announced today the state has developed a plan that will distribute \$84 million to help cities and towns across Indiana buy abandoned or foreclosed homes, demolish or redevelop vacant properties and help low- and moderate-income home buyers purchase properties in an effort to revitalize communities with the most need.

“No state has acted more directly to help homeowners at risk than Indiana by cutting average property taxes by more than a third, directly reducing mortgage payments,” said Daniels. “Now, we’ll get these new funds to Hoosiers who need them the most and to residents interested in buying otherwise empty homes.”

The federal Neighborhood Stabilization Program (NSP) funds are Indiana’s share of \$3.92 billion appropriated to all 50 states and more than 250 cities and counties to assist with national foreclosure problems. In all, the state will receive about \$152 million; \$68 million of the total is being distributed directly by the U.S. Department of Housing and Urban Development to Indiana cities and towns. The approximate allocations are:

- Anderson, \$2.1 million
- Elkhart, \$2.2 million
- Evansville, \$3.6 million
- Fort Wayne, \$7 million
- Gary, \$3.8 million
- Hamilton County, \$2.3 million
- Hammond, \$3.8 million
- Indianapolis, \$29 million
- Kokomo, \$2.2 million
- Lake County, \$5.7 million
- Muncie, \$2 million
- South Bend, \$4.1 million

The state has proposed using the remaining \$84 million in two targeted ways: \$45 million for local units of government to assist with neighborhood redevelopment needs, and \$30.4 million that would be maintained in a fund that would be made available to low- and moderate-income individuals and families who choose to purchase abandoned and foreclosed homes.

The state’s plan will be submitted to HUD by December 1 and will be posted on the Indiana Housing and Community Development Authority (IHCDA) Web site for public comment for at least two weeks before it is submitted.

“We want communities to develop programs that will be meaningful and make a positive difference, and we will show preference to cities and towns that are not receiving a direct federal share,” Daniels said.

According to the plan, communities would submit applications to IHCDA, with priority given to those with the greatest need based on concentration of foreclosures and abandoned properties, the prevalence of

subprime and high-cost mortgages, and the risk of continued community destabilization because of existing mortgage defaults and delinquencies. The IHCDCA will issue a request for proposals during the first week of December, if the plan is approved by HUD.

Sherry Seiwert, executive director of IHCDCA, said communities will be encouraged to take a comprehensive approach to revitalizing neighborhoods impacted by foreclosure. NSP funds can be used in these ways:

- Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves and shared-equity loans for low-and moderate-income homebuyers
- Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.
- Establish land banks for homes that have been foreclosed upon.
- Demolish blighted structures
- Redevelop demolished or vacant properties

The remaining \$30.4 million would be retained in a fund coordinated by IHCDCA. The housing authority would work with lenders, HUD and others to help qualified buyers purchase foreclosed and abandoned homes. This funding would be made available statewide, including in communities that receive direct funds from HUD. More information about this program will be made available by IHCDCA as details are worked out with HUD and lenders.

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Contacts:

Governor's Office, Jane Jankowski, 317/232-1622, [jjankowski@gov.in.gov](mailto:jjankowski@gov.in.gov)

Indiana Housing and Community Development Authority, Amber Seidler, 317/232-7781, [aseidler@ihcda.in.gov](mailto:aseidler@ihcda.in.gov)